

FISCAL NOTE

Bill #: HB0062

Title: Require proof of insurance for vehicle registration

Primary Sponsor: Harris, C

Status: As Introduced

Sponsor signature

Date

David Ewer, Budget Director

Date

Fiscal Summary

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
Expenditures:		
General Fund	\$48,200	\$1,600
Revenue:		
General Fund	\$0	\$0
Net Impact on General Fund Balance:	(\$48,200)	(\$1,600)

- | | |
|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input checked="" type="checkbox"/> Needs to be included in HB 2 |

ASSUMPTIONS:

1. Nationally, the number of uninsured motorists averages 14 percent of licensed drivers and the number of uninsured motor vehicles averages approximately 25 percent of the total number of motor vehicles required to carry liability insurance.
2. Approximately 712,000 drivers are currently on record in Montana. Approximately 13,000 no insurance convictions are recorded on the Montana driver license database annually. In calendar year 2004, and 219 driver licenses were suspended for fourth or subsequent no insurance convictions.
3. Annually, approximately 850,000 vehicles required to carry mandatory liability insurance are registered in Montana. In calendar year 2004, 2,483 vehicle registrations were suspended for second and third no insurance convictions.
4. A vehicle owner will present proof of insurance when making application for a title and/or registration at the county treasurer's office. It is assumed that a new title and registration receipt will be required where there is a change in the insurance information. A duplicate title fee of \$10.00 (\$5.00 distributed to the general fund and \$5.00 to the MV IT special revenue fund) would be required to update the insurance information on the title. A fee of \$2.00 for each duplicate registration receipt would be required when a vehicle owner notifies the department/county treasurer of a change in insurance information. No information is available to estimate the increased revenues due to the number of new titles and/or registration receipts required as the result of a change in insurance information.

Fiscal Note Request HB0062, As Introduced

(continued)

5. There would be no refund of registration fees previously paid whenever a vehicle registration is revoked for failure to carry mandatory insurance coverage. Individuals making application for a new motor vehicle registration after a vehicle registration was revoked would be required to pay all necessary registration fees anew in addition to the \$75 registration application fee. No information is available to determine the increases in registration fees nor the registration application fee.
6. Costs for revising the title document and application forms and training the county treasurers staffing would be absorbed within normal operation budgets. Operating costs would increase approximately \$1,200 in FY 2006 and \$1,600 in FY 2007 for postage and supplies to notify individuals that their vehicle registration has been revoked.
7. Significant programming changes will be necessary to the motor vehicle application system to expand the data base and capture the required insurance information, add a new registration revocation process, create a process to track insurance company information so users can determine which insurance coverage is canceled and which is reinstated, as well as adding a letter process and fee codes to the system. Costs for requirements analysis and design, implementation and testing are estimated at \$37,750 and mainframe computer processing costs at \$9,250 for a total of \$47,000 in FY 2006. Ongoing increased system storage and maintenance costs are unknown but will have a fiscal impact.
8. Motor Vehicle System Information Technology System Business Process Redesign (TEAM 261) impact: The average bill rate for the contractors involved with the TEAM 261 Project business systems changes is \$125 per hour. It should be noted that changes made to the mainframe legacy system as a result of legislative changes, might also need to be made to the (new) Team 261 System that would result in additional costs.

FISCAL IMPACT:

	<u>FY 2006</u> <u>Difference</u>	<u>FY 2007</u> <u>Difference</u>
<u>Expenditures:</u>		
Operating Expenses	\$48,200	\$1,600
<u>Funding of Expenditures:</u>		
General Fund (01)	\$48,200	\$1,600
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	(\$48,200)	(\$1,600)

TECHNICAL NOTES:

1. Proof of compliance with 61-6-301, MCA, is not described in the bill as introduced. There could be some legal challenges if the department and/or the county treasurers accept questionable documentation. Without a clear definition of the proof of compliance with 61-6-301, MCA, inconsistencies in documentation could exist through the state.
2. If the \$75 additional registration fee required on revocation of registration is assessed on the vehicle, a new owner may be required to pay the fee when making application for new title and registration. Without prior notification this may create some difficulties during the titling/registration process for the new owner and/or the dealership selling the vehicle.
3. Assessing the \$75 additional registration fee to the person would be problematic because the existing motor vehicle application system does not have a means of identifying individuals from motor vehicle records. Name alone does not provide enough consistent information to be sure that "Sam Smith" is the same "Sam Smith" on another motor vehicle record. The same individual's name is often listed

Fiscal Note Request HB0062, As Introduced

(continued)

differently on each of the vehicles they own. Additionally, addresses are not consistent and could not be used for identification.

4. The revocation of a motor vehicle registration would be electronic only. There is no provision for physically obtaining the registration receipt from a vehicle owner not in compliance, which may cause concern for law enforcement.
5. The department will only receive notification of cancellation or termination of insurance if the offender's driver's license was previously revoked and the offender must file proof of financial responsibility under 61-6-131, MCA.
6. There is no provision for electronic or mail-in renewal of a motor vehicle registration process meeting this requirement; thus, individuals would be required to visit their local county treasurer's office increasing the local workload for the counties.